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NEW YORK, N.Y. 10005

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9892-A
RECORDATION NO. Filed 1425

DEC 8 1978 -11 55 AM

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9892-B

RECORDATION NO. Filed 1425

DEC 8 1978 -11 55 AM

INTERSTATE COMMERCE COMMISSION

RECORDATION NO. Filed 1425

DEC 8 1978 -11 55 AM
December 5, 1978

INTERSTATE COMMERCE COMMISSION

Georgia Power Company

Lease Financing Dated as of November 17, 1978

9.5% Conditional Sale Indebtedness Due April 1, 1994

[CS&M Ref: 2043-875]

Dear Sir:

Pursuant to 49 U.S.C. § 11303(a) (formerly Section 20c of the Interstate Commerce Act) I enclose herewith on behalf of Georgia Power Company, for filing and recordation, counterparts of the following:

(1)(a) Conditional Sale Agreement dated as of November 17, 1978, between GATX/G.P. Leasing Corporation and Ortner Freight Car Company;

(1)(b) Agreement and Assignment dated as of November 17, 1978, between The Connecticut Bank and Trust Company and Ortner Freight Car Company;

(2)(a) Lease of Railroad Equipment dated as of November 17, 1978, between Georgia Power Company and GATX/G.P. Leasing Corporation; and

(2)(b) Assignment of Lease and Agreement dated as of November 17, 1978, between GATX/G.P. Leasing Corporation and The Connecticut Bank and Trust Company.

RECEIVED
DEC 8 11 54 AM '78

David W. Keller
Carroll

The addresses of the parties to the aforementioned agreements are:

Lessor-Vendee:

GATX/G.P. Leasing Corporation,
One Embarcadero Center,
San Francisco, California 94111.

Builder-Vendor:

Ortner Freight Car Company,
2652 Erie Avenue,
Cincinnati, Ohio 45208.

Lessee:

Georgia Power Company,
270 Peachtree Street
(P.O. Box 4545),
Atlanta, Georgia 30302.

Agent-Vendor-Assignee:

The Connecticut Bank and Trust Company,
One Constitution Plaza,
Hartford, Connecticut 06115.

The equipment covered by the aforementioned agreements consists of 150 100-ton "Rapid Discharge" coal hopper cars bearing the road numbers of the lessee GGPX 78001-GGPX 78150, inclusive, and also bearing the legend "Ownership Subject to a Security Agreement filed with the Interstate Commerce Commission".

Enclosed is our check for \$100 for the required recordation fee. Please accept for recordation one counterpart of each of the enclosed agreements, stamp the remaining counterparts with your recordation number and return them to the delivering messenger along with your fee receipt, addressed to the undersigned.

Very truly yours,

Laurance V. Goodrich

Laurance V. Goodrich
As Agent for Georgia
Power Company

H. G. Homme, Jr., Acting Secretary,
Interstate Commerce Commission,
Washington, D. C. 20423

Encls.

63

BY HAND

Interstate Commerce Commission

Washington, D.C. 20423

12/8/78

OFFICE OF THE SECRETARY

Laurance V. Goodrich
Cravath, Swaine & Moore
One Chase Manhattan Plaza
New York, N.Y. 10005

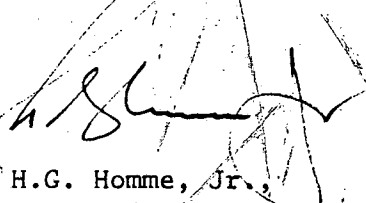
Dear

Sir:

The enclosed document(s) was recorded pursuant to the
provisions of Section 20(c) of the Interstate Commerce Act,
49 U.S.C. 20(c), on 12/8/78 at 11:55am
and assigned recordation number(s)

9892, 9892-A, 9892-B & 9892-

Sincerely Yours,


H.G. Homme, Jr.,
Secretary

Enclosure(s)

SE-30-T
(2/78)

9892 B

RECORDATION NO. Filed 1425

DEC 8 1978 -11 55 AM

INTERSTATE COMMERCE COMMISSION

[CS&M Ref. 2043-875]

LEASE OF RAILROAD EQUIPMENT

Dated as of November 17, 1978

Between

GEORGIA POWER COMPANY,

as Lessee,

and

GATX/G.P. LEASING CORPORATION,

as Lessor.

LEASE OF RAILROAD EQUIPMENT

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LEASE OF RAILROAD EQUIPMENT dated as of November 17, 1978, between GEORGIA POWER COMPANY, a Georgia corporation (the "Lessee"), and GATX/G.P. LEASING CORPORATION, a Delaware corporation (the "Lessor").

WHEREAS the Lessor is entering into a Conditional Sale Agreement dated as of the date hereof (the "CSA") with ORTNER FREIGHT CAR COMPANY, a Delaware corporation (the "Builder"), wherein the Builder has agreed to manufacture, sell and deliver to the Lessor the units of railroad equipment described in Appendix A hereto;

WHEREAS the Builder is assigning its interests in the CSA pursuant to an Agreement and Assignment dated the date hereof (the "CSA Assignment") to THE CONNECTICUT BANK AND TRUST COMPANY, acting as agent for certain investors under a Participation Agreement dated as of the date hereof (the "Participation Agreement") among said agent, the Lessee, the Lessor and the parties named in Appendix I thereto (the "Investors") (said agent as so acting, being hereinafter, together with its successors and assigns, called the "Vendor");

WHEREAS the Lessee desires to lease such number of units of the railroad equipment as are delivered and accepted under the CSA (the "Units") at the rentals and for the terms and upon the conditions hereinafter provided;

WHEREAS the Lessor will assign this Lease for security to the Vendor pursuant to an Assignment of Lease and Agreement (the "Lease Assignment") dated as of the date hereof;

NOW, THEREFORE, in consideration of the premises and of the rentals to be paid and the covenants hereinafter mentioned to be kept and performed by the Lessee, the Lessor hereby leases the Units to the Lessee upon the following terms and conditions:

§ 1. NET LEASE

This Lease is a net lease. The Lessee's obligation to pay all rentals and other amounts hereunder shall be absolute and unconditional and, except as herein specifically

provided, the Lessee shall not be entitled to any abatement of rent or such other amounts, reduction thereof or setoff against rent or such other amounts, including, but not limited to, abatements, reductions or setoffs due or alleged to be due by reason of any past, present or future claims of the Lessee against the Lessor under this Lease or the CSA including the Lessee's rights by subrogation thereunder to the Builder or the Vendor or otherwise; nor, except as otherwise expressly provided herein, shall this Lease terminate, or the respective obligations of the Lessor or the Lessee be otherwise affected, by reason of any defect in or damage to or loss of possession or loss of use or destruction of all or any of the Units from whatsoever cause, any liens, encumbrances or rights of others with respect to any of the Units, the prohibition of or other restriction against the Lessee's use of all or any of the Units, the interference with such use by any person or entity, the invalidity or unenforceability or lack of due authorization of this Lease, any insolvency of or any bankruptcy, reorganization or similar proceeding against the Lessee, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the rents and other amounts payable by the Lessee hereunder shall continue to be payable in all events in the manner and at the times herein provided unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease. To the extent permitted by applicable law, the Lessee hereby waives any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender the lease of any of the Units except in accordance with the express terms hereof. Each rental or other payment made by the Lessee hereunder shall be final, and the Lessee shall not seek to recover all or any part of such payment from the Lessor or the Vendor for any reason whatsoever.

§ 2. DELIVERY

2.1. Delivery and Acceptance of Units. The Lessor hereby appoints the Lessee its agent for inspection and acceptance of the Units pursuant to the CSA. Each delivery of a Unit to the Lessor under the CSA shall be

deemed to be a delivery hereunder to the Lessee at the point or points within the United States of America at which such Unit is so delivered to the Lessor. Upon such delivery, the Lessee will cause an agent of the Lessee to inspect the same, and if such Unit is found to be acceptable, to accept delivery of such Unit on behalf of the Lessor under the CSA and on behalf of itself hereunder and execute and deliver to the Lessor a certificate of acceptance (the "Certificate of Acceptance") in accordance with the provisions of Article 3 of the CSA, stating that such Unit has been inspected and accepted on behalf of the Lessee and the Lessor on the date of such Certificate of Acceptance and is marked in accordance with § 5.1 hereof, whereupon such Unit shall be deemed to have been delivered to and accepted by the Lessee and shall be subject thereafter to all the terms and conditions of this Lease.

2.2. Designation of Schedule A, Schedule B and Schedule C Units. All Units which are accepted hereunder on or prior to December 31, 1978, shall be called Schedule A Units, all Units which are accepted hereunder after December 31, 1978, and on or prior to June 30, 1979, shall be called Schedule B Units and all Units which are accepted hereunder after June 30, 1979, and on or prior to September 30, 1979, shall be called Schedule C Units. The Lessor and the Lessee shall enter into a supplement hereto promptly after final settlement for all Units setting forth the road numbers of the Units which are designated Schedule A, Schedule B and Schedule C Units.

§ 3. RENTALS

3.1. Amount and Date of Payment. (1) The Lessee agrees to pay to the Lessor, as rental for each Schedule A Unit subject to this Lease, one interim rental payment on April 1, 1979, and 30 consecutive semiannual payments payable, in arrears, on April 1 and October 1 in each year, commencing October 1, 1979, to and including April 1, 1994. In respect of each Schedule A Unit subject to this Lease, (a) the interim rental payment shall be in an amount equal to the product of the Purchase Price (as defined in paragraph 4.1 of the CSA) for each such Schedule A Unit subject to this Lease multiplied by 0.0291447% for each day (computed on the basis of a 360-day year of twelve 30-day months) elapsed from the Closing Date (as defined in paragraph 4.2 of the

CSA) for such Unit to, but not including, April 1, 1979, and (b) the 30 semiannual rental payments shall each be in an amount equal to 5.246047% of the Purchase Price of each such Schedule A Unit; provided, however, that the aggregate rental payments payable under this § 3 shall not be in an amount less than that which is necessary to satisfy the obligations of the Lessor under paragraphs 4.3(b) and 4.4 of the CSA.

(2) The Lessee agrees to pay to the Lessor, as rental for each Schedule B Unit subject to this Lease, one interim rental payment on April 1, 1979, and 30 consecutive semiannual payments payable, in arrears, on April 1 and October 1 in each year, commencing October 1, 1979, to and including April 1, 1994. In respect of each Schedule B Unit subject to this Lease, (a) the interim rental payment shall be an amount equal to (i) the product of the Purchase Price for each such Schedule B Unit subject to this Lease multiplied by 0.0295962% for each day (computed on the basis of a 360-day year of twelve 30-day months) elapsed from the Closing Date for such Unit to, but not including, April 1, 1979, and (b) the 30 semiannual payments shall each be in an amount equal to 5.327326% of the Purchase Price of each such Schedule B Unit; provided, however, that if any Schedule B Unit is accepted hereunder after April 1, 1979, there shall be deducted from the first such semiannual payment an amount equal to the product of the Purchase Price for each such Schedule B Unit multiplied by 0.0059192% for each day (computed on the basis of a 360-day year of twelve 30-day months) elapsed from April 1, 1979, to, but not including, the Closing Date for such Unit; and provided, further, however, that the aggregate rental payments payable under this § 3 shall not be in an amount less than that which is necessary to satisfy the obligations of the Lessor under paragraphs 4.3(b) and 4.4 of the CSA.

(3) The Lessee agrees to pay to the Lessor as rental for each Schedule C Unit subject to this Lease, 30 consecutive semiannual payments payable, in arrears, on April 1 and October 1 in each year commencing October 1, 1979, to and including April 1, 1994. Such 30 semiannual payments shall each be in an amount equal to 5.5525% of the Purchase Price of each such Schedule C Unit; provided, however, that the aggregate rental payments payable under this § 3 shall not be in an amount less than that which is

necessary to satisfy the obligations of the Lessor under Paragraphs 4.3(b) and 4.4 of the CSA.

(4) The foregoing rentals have been calculated on the assumption that 80% of the aggregate Purchase Price of all Units will be provided by the Investors. If the Lessor pays more than 20% of such aggregate Purchase Price pursuant to paragraph 4.3(a) of the CSA, the Lessee agrees to pay the Lessor, as supplemental rent, 30 consecutive semiannual payments payable, in arrears, on April 1 and October 1 in each year commencing October 1, 1979, to and including April 1, 1994. Each such semiannual payment shall be in an amount equal to 6.0245% multiplied by an amount equal to the amount the Lessor shall have paid in excess of 20% of such aggregate Purchase Price; provided, however, that if and to the extent that any such excess is paid by the Lessor after April 1, 1979, there shall be deducted from the first such semiannual payment an amount equal to the product of such excess multiplied by 0.024114% for each day (computed on the basis of a 360-day year of twelve 30-day months) elapsed from April 1, 1979, to, but not including, the Closing Date on which such excess is paid by the Lessor. In the event that these supplemental rentals become payable hereunder, the Casualty Values set forth in Appendix B and the Termination Values set forth in Appendix C hereto will be appropriately adjusted.

(5) In the event that there is any loss or liability arising out of or resulting from the Investments made pursuant to Paragraph 2 of the Participation Agreement, including, but not limited to, any Investment Deficiency in respect thereof, the next rental payment payable by the Lessee after the amount of such loss or liability shall be determined shall be increased by such amount as will compensate the Lessor on an after-tax basis for such loss or liability.

(6) In addition to the foregoing rentals, the Lessee will pay to the Lessor as additional rent amounts equal to the amounts required by the Lessor to make the payments provided for in the last sentence of the first paragraph and in the last paragraph of Paragraph 9 of the Participation Agreement on the dates required for such

payments in said Paragraph 9 (without regard to the limitation of the obligation of the Lessor set forth therein) and the Lessor agrees to apply such rentals for such purposes.

3.2. Payments on Nonbusiness Days. If any of the semiannual rental payment dates referred to in § 3.1 is not a business day the semiannual rental payment otherwise payable on such date shall be payable on the next business day. The term "business day" as used herein means a calendar day, excluding Saturdays, Sundays and any other day on which banking institutions in Hartford, Connecticut, Atlanta, Georgia, or New York, New York, are authorized or obligated to remain closed.

3.3. Instructions To Pay Vendor and Vendee. Upon execution and delivery of the Lease Assignment and until the Vendor shall have advised the Lessee in writing that all sums due from the Lessor under the CSA have been fully satisfied and discharged, the Lessor irrevocably instructs the Lessee to make all the payments provided for in this Lease to the Vendor, for the account of the Lessor, in care of the Vendor, with instructions to the Vendor (a) first to apply such payments to satisfy the obligations of the Lessor under the CSA known to the Vendor to be due and payable on the date such payments are due and payable hereunder and (b) second, so long as no event of default under the CSA shall have occurred and be continuing, to pay any balance promptly to the Lessor or to the order of the Lessor at such place as the Lessor shall specify in writing. If the Lease Assignment is not executed and delivered, or if the Lessee shall have been advised by the Vendor in writing that all sums due from the Lessor under the CSA have been fully discharged and satisfied, the semiannual installments of rental due hereunder and any Casualty Payments thereafter due pursuant to § 7 hereof shall be made to the Lessor in the manner provided in § 3.4 hereof.

3.4. Payment in Immediately Available Funds. The Lessee agrees to make each payment provided for herein as contemplated by § 3.1 in immediately available funds at or prior to 11:00 a.m. in the city where such payment is to be made.

§ 4. TERM OF LEASE

4.1. Beginning and Termination; Survival. The term of this Lease as to each Unit shall begin on the date

of delivery of such Unit under the CSA and, subject to the provisions of §§ 7, 13 and 16 hereof, shall terminate on the date when all Units have been returned pursuant to § 17 hereof and all obligations of the Lessee under § 17 hereof have been fully satisfied. The obligations of the Lessee hereunder (including, but not limited to, the obligations under §§ 6, 7, 10, 11, 12 and 17 hereof) shall survive the expiration of the term of this Lease with respect to all events, facts, conditions or other circumstances occurring or existing prior to such expiration.

4.2. Rights and Obligations of Lessee Subject to CSA. Notwithstanding anything to the contrary contained herein, all rights and obligations of the Lessee under this Lease and in and to the Units are subject to the rights of the Vendor under the CSA. If an event of default should occur under the CSA, the Vendor may terminate this Lease (or rescind its termination) without affecting the indemnities which by the provisions of this Lease survive the termination of its term, all as provided herein; provided, however, that so long as (i) no Event of Default exists hereunder, (ii) the Lessee is complying with the provisions of the Consent, and (iii) the Vendor is entitled to apply the Payments as defined in the Lease Assignment in accordance with the Lease Assignment, this Lease may not be terminated, the Lessee shall be entitled to the rights provided under § 15 hereof and the Lessee shall be entitled to the right of quiet enjoyment and possession of each Unit. The Lessor covenants that so long as an Event of Default hereunder or an event which, with the passage of time or the giving of notice, or both, would constitute an Event of Default hereunder shall not have occurred and be continuing, it will not interfere in the Lessee's quiet enjoyment or possession of any Unit and agrees that the Lessee shall not be deprived of its right of quiet enjoyment and possession of any Unit as a result of any act of, or claim against, the Lessor.

§ 5. IDENTIFICATION MARKS

5.1. Identifying Numbers; Legend; Changes. The Lessee will cause each Unit to be kept numbered with the identification number set forth in Appendix A hereto, or in the case of any Unit not there listed such identification number as shall be set forth in any amendment or supplement hereto extending this Lease to cover such Unit, and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of each Unit, in letters not less

than one inch in height, the words "OWNERSHIP SUBJECT TO A SECURITY AGREEMENT FILED WITH THE INTERSTATE COMMERCE COMMISSION", or other appropriate words designated by the Vendor, with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the Lessor's and Vendor's title to and property in such Unit and the rights of the Lessor under this Lease and of the rights of the Vendor under the CSA. The Lessee will not place any such Unit in operation or exercise any control or dominion over the same until such words shall have been so marked on both sides thereof and will replace promptly any such words which may be removed, defaced, obliterated or destroyed. The Lessee will not change the identification number of any Unit unless and until (i) a statement of new number or numbers to be substituted therefor shall have been filed with the Vendor and the Lessor and filed, recorded and deposited by the Lessee in all public offices where this Lease and the CSA shall have been filed, recorded and deposited and (ii) the Lessee shall have furnished the Vendor and the Lessor an opinion of counsel to the effect that such statement has been so filed, recorded and deposited, such filing, recording and deposit will protect the Vendor's and the Lessor's interests in such Units and no filing, recording, deposit or giving of notice with or to any other Federal, state or local government or agency thereof is necessary to protect the interests of the Vendor and the Lessor in such Units.

5.2. Insignia of Lessee. The Units may be lettered with the names or initials or other insignia customarily used by the Lessee or its affiliates, but the Lessee will not allow the name of any other person, association or corporation to be placed on any Unit as a designation that might be interpreted as a claim of ownership.

§ 6. TAXES

6.1. Indemnification for Nonincome Taxes. Whether or not any of the transactions contemplated hereby are consummated, the Lessee agrees to pay, and to indemnify and hold the Lessor and the Vendor (which term shall include the Investors for the purposes of this § 6) harmless from, all taxes, assessments, fees and charges of any nature whatsoever, together with any penalties, fines, additions to tax or interest thereon, howsoever imposed, whether levied or imposed upon the Lessor, the Vendor, the Lessee or otherwise, by any Federal, state or local government or governmental subdivi-

sion in the United States or by any foreign country or subdivision thereof, upon or with respect to: any Unit or any part thereof; the purchase, ownership, delivery, leasing, possession, use, operation, transfer of title, return or other disposition thereof; the indebtedness with respect thereto; the rentals, receipts or earnings arising therefrom; or this Lease, the Participation Agreement, the CSA, the CSA Assignment, the Lease Assignment, any payment made pursuant to any such agreement, or the property, the income or other proceeds received with respect to the Units (all such taxes, assessments, fees, charges, penalties, fines, additions to tax and interest imposed as aforesaid being hereinafter called "Taxes"); excluding, however: (i) Taxes of the United States or of the state or political subdivision thereof wherein the Lessor or Vendor maintains its principal place of business; (ii) Taxes imposed on or measured solely by the net income or excess profits of the Lessor or the Vendor or franchise taxes to the extent measured by or based on gross receipts of the Vendor or net income of the Lessor or the Vendor or gross receipts taxes on the Vendor other than gross receipts taxes in the nature of sales or use taxes; (iii) franchise taxes to the extent measured by gross receipts of the Lessor or net income based on gross receipts of the Lessor, or gross receipts taxes on the Lessor other than gross receipts taxes in the nature of sales and use taxes, and other, in the case of (i) through (iii), than Taxes arising out of or imposed in respect of indemnification payments pursuant to this Lease, provided that such Taxes described in (i) through (iii) of any foreign country or subdivision thereof incurred as a result of the indemnified party being taxed by such foreign country or subdivision on its worldwide income without regard to the transactions contemplated by this Lease shall be excluded in all cases, whether or not the indemnified party is entitled to a credit against its United States Federal income taxes; (iv) any Taxes imposed as a direct result of a voluntary transfer or other voluntary disposition by Lessor or any transfer or disposition by Lessor resulting from bankruptcy or other proceedings for the relief of debtors in which Lessor is the debtor, whether voluntary or involuntary, of any interest in any Unit or interest in rentals under this Lease; (v) any Taxes imposed on or measured by any fees or compensation received by the Vendor; provided, however, that the Taxes described in (iii) above shall not be excluded from this indemnity for so long as Lessor's sole activity, business and source of income shall be from the leasing of property to Lessee and Lessor does not assign or otherwise transfer by any means any of its rights or benefits under this Lease

except to the Vendor as contemplated by the Participation Agreement. However, the Lessee shall not be required to pay any Taxes during the period the Lessee may be contesting the same in the manner provided in § 6.2 hereof. The Lessee further agrees to pay on or before the time or times prescribed by law any tax imposed on or measured solely by the net income of the Lessee under the laws of the United States or of any state or political subdivision thereof, or of any foreign country or subdivision thereof which, if unpaid, might result in a lien or other encumbrance upon any Unit; provided, however, that the Lessee shall not be required to pay any such tax during the period it may be contesting the same. The Lessee covenants, for the benefit of the Builder, that the Lessee will indemnify and hold the Builder harmless from any Kentucky sales taxes which might be imposed in respect of the sale of Units under the CSA.

6.2. Claims; Contests; Refunds. If claim is made against the Lessor or the Vendor for any Taxes indemnified against under this § 6, such party shall promptly notify the Lessee. If reasonably requested by the Lessee in writing, the Lessor or the Vendor, as the case may be, shall, upon receipt of any indemnity satisfactory to it for all costs, expenses, losses, legal and accountants' fees and disbursements, penalties, fines, additions to tax and interest, and at the expense of the Lessee, contest in good faith the validity, applicability or amount of such Taxes by (a) resisting payment thereof if possible, (b) not paying the same except under protest, if protest is necessary and proper, and (c) if payment is made, using reasonable efforts to obtain a refund thereof in appropriate administrative or judicial proceedings, or both. The Lessee may also contest, at its own expense, the validity, applicability or amount of such Taxes in the name of the Lessor or the Vendor; provided that, no proceeding or action relating to such contest shall be commenced (nor shall any pleading, motion, brief or other paper be submitted or filed in the name of the Lessor or the Vendor in any such proceeding or action) if in the opinion of the Lessor or the Vendor such contest or the nonpayment of the Taxes would adversely affect the title, property or rights of the Lessor hereunder or of the Vendor under the CSA. The Lessee agrees to give the Lessor and the Vendor reasonable notice of such contest prior to the commencement thereof. If the Lessor or the Vendor shall obtain a refund of all or any part of such Taxes previously reimbursed by the Lessee in connection with any such contest or an amount representing interest thereon, the Lessor or the Vendor, as the case may be, shall pay the Lessee the amount of such refund or interest net of expenses; provided, however, that

no Event of Default and no event which with notice or lapse of time or both would constitute an Event of Default shall have occurred and be continuing.

6.3. Reports or Returns. In case any report or return is required to be made with respect to any obligation of the Lessee under or arising out of this § 6 (except obligations resulting from the last sentence of § 6.1), the Lessee will, where permitted to do so under applicable rules and regulations, make and timely file (or cause the same to be accomplished) such reports and returns in such manner as to show the interest of the Lessor and the Vendor in the Units as shall be satisfactory to the Lessor and the Vendor or, where not so permitted, will notify the Lessor and the Vendor of such requirement and will prepare and deliver such reports to the Lessor and the Vendor within a reasonable time prior to the time such reports are to be filed. All costs and expenses (including legal and accountants' fees) of preparing any such return or report shall be borne by the Lessee.

6.4. Survival. All the obligations of the Lessee under this § 6 shall survive and continue, notwithstanding payment in full of all amounts due under the CSA or the termination of this Lease, with respect to all events, facts, conditions or other circumstances occurring or existing prior to such termination. Payments due from the Lessee to the Lessor or the Vendor under this § 6 shall be made directly to the party indemnified.

§ 7. PAYMENT FOR CASUALTY OCCURRENCES; INSURANCE; TERMINATION

7.1. Definitions of Casualty Occurrence; Payments. In the event that any Unit shall be or become worn out, lost, stolen, destroyed, or, in the opinion of the Lessee, irreparably damaged, from any cause whatsoever during the term of this Lease or any renewal term hereof or until such Unit is returned pursuant to §§ 14 or 17 hereof, or the Purchase Price of any Unit shall have been refunded by the Builder of such Unit pursuant to the terms of its patent indemnity therefor or any Unit shall be taken or requisitioned by condemnation or otherwise by the United States Government for a stated period which shall exceed the then remaining term of this Lease (any such occurrences being hereinafter called a "Casualty Occurrence"), the Lessee shall promptly and fully notify the Lessor and the Vendor with respect thereto. On the next succeeding semiannual rental payment date (each such date being hereinafter called a "Casualty Payment Date"), the

Lessee shall pay to the Lessor a sum equal to the Casualty Value (as defined in § 7.5 hereof) of any such Unit as of such Casualty Payment Date, plus the semiannual rental in respect of such Unit accrued as of such rent payment date; provided, however, that in the event of a Casualty Occurrence during the period any Unit is being returned pursuant to §§ 14 and 17 hereof, the Lessee shall make such payment to the Lessor on a date 30 days after such Casualty Occurrence. Upon the making of such payment by the Lessee in respect of any Unit, the rental for such Unit shall cease to accrue, the term of this Lease as to such Unit shall terminate and (except in the case of the loss, theft, complete destruction or return to the Builder of such Unit) the Lessor shall be entitled to recover possession of such Unit except as otherwise provided in § 7.3 hereof.

In addition to the occurrences constituting a Casualty Occurrence under the preceding paragraph, if any Unit shall have been taken or requisitioned by the United States Government or any other governmental entity and such taking or requisition shall not theretofore constitute a Casualty Occurrence as aforesaid, such taking or requisition shall be deemed a Casualty Occurrence if the same shall be continuing at the end of the term of this Lease, in which event the Lessee shall promptly and fully notify the Lessor with respect thereto and pay the Lessor, as the Casualty Value therefor, an amount equal to 32.50% of the Purchase Price of such Unit. Following such payment, the Lessee shall be entitled to receive condemnation payments in respect of such Unit up to an amount equal to such Casualty Value (plus an amount necessary to make the Lessee whole on an after-tax-basis for any Investment Tax Credit recapture suffered by the Lessee) and any balance of such payments shall be the property of the Lessor. In the event such Unit shall be returned by the governmental entity prior to the time the Lessee shall have been reimbursed by such application of condemnation payments in an amount equal to such Casualty Value, then the Lessee shall dispose of such Unit as agent for the Lessor, and shall retain the net proceeds of such disposition to the extent that the aggregate of the amounts so retained and the condemnation payments theretofore received by the Lessee shall equal such Casualty Value (plus an amount necessary to make the Lessee whole on an after-tax-basis for any Investment Tax Credit recapture suffered by the Lessee) and any balance of such proceeds shall be promptly paid to the Lessor. In the event such Unit shall be returned by the governmental entity following the time the Lessee shall have been reimbursed by such applica-

tion of condemnation payments in an amount equal to such Casualty Value, such Unit shall be returned by the Lessee to the Lessor in the manner provided in § 17 hereof.

7.2. Requisition by United States Government. In the event of the requisition for use by the United States Government of any Unit for a period which does not exceed the term of this Lease or for an indefinite period (except where deemed a Casualty Occurrence pursuant to the last paragraph of § 7.1 hereof), all of the Lessee's obligations under this Lease with respect to such Unit shall continue to the same extent as if such requisition had not occurred. All payments received by the Lessor or the Lessee from the United States Government for the use of such Unit during the term of this Lease shall be paid over to, or retained by, the Lessee provided no Event of Default (or other event which after notice or lapse of time or both would become an Event of Default) shall have occurred and be continuing.

7.3. Lessee Agent for Disposal. The Lessor hereby appoints the Lessee its agent to dispose of any Unit suffering a Casualty Occurrence or any component thereof before and after expiration of the Lease, at the best price obtainable on an "as is, where is" basis. Provided that the Lessee has previously paid the Casualty Value to the Lessor (i) the Lessee shall be entitled to the net proceeds of such sale to the extent they do not exceed the Casualty Value of such Unit plus an amount necessary to make the Lessee whole on an after-tax basis for any Investment Tax Credit recapture suffered by the Lessee, and shall pay any excess to the Lessor and (ii) the Lessee shall be entitled to credit against the Casualty Value payable in respect of any Unit returned to the Builder pursuant to the patent indemnity provisions of the CSA an amount equal to any payment made by the Builder to the Lessor in respect thereof under the CSA.

7.4. Payments After Expiration of Lease. If the date upon which the making of the payment by the Lessee in § 7.1 hereof in respect of any Unit is required as aforesaid shall be after the term of this Lease or any renewal term thereof in respect of such Unit has expired, no rental for such Unit shall accrue after the end of such term.

7.5. Amount of Casualty Value. The Casualty Value of each Unit as of the Casualty Payment Date on which payment is to be made as aforesaid shall be an amount equal to that percentage of the Purchase Price of such Unit as is set forth in Appendix B hereto opposite the rental payment date next

succeeding the actual date of such Casualty Occurrence, or if there is no such rental payment date, the last rental payment date; but in no event shall such amount be less than the Casualty Value (as defined in the CSA) as of such rental payment date.

7.6. No Release. Except as hereinabove in this § 7 provided, the Lessee shall not be released from its obligations hereunder in the event of, and shall bear the risk of, any Casualty Occurrence to any Unit from and after delivery and acceptance thereof by the Lessee hereunder.

7.7. Insurance To Be Maintained. (1) The Lessee will, at all times prior to the return of the Units to the Lessor at its own expense, cause to be carried and maintained (i) property insurance in respect of the Units at the time subject hereto; provided, however, that the Lessee may self-insure such Units to the extent it self-insures equipment similar to the Units and to the extent such self-insurance is consistent with prudent industry practice, and (ii) public liability insurance with respect to third party personal and property damage and the Lessee will continue to carry such insurance in such amounts and for such risks and with such insurance companies as is consistent with prudent industry practice but in any event at least comparable in amounts and against risks customarily insured against by the Lessee in respect of equipment owned or leased by it similar in nature to the Units, in each case satisfactory to the Lessor. The proceeds thereof shall be payable to the Vendor, the Lessor and the Lessee, as their interests may appear, so long as the indebtedness, if any, evidenced by the CSA shall not have been paid in full, and thereafter to the Lessor and the Lessee as their interests may appear. Any policies of insurance carried in accordance with this paragraph shall (i) require 30 days' prior notice of cancelation or material change in coverage to the Lessor and the Vendor and (ii) name the Lessor and the Vendor as additional named insureds as their respective interests may appear and, in the event such policies shall contain breach of warranty provisions, such policies shall provide that in respect of the interests of the Lessor and the Vendor in such policies the insurance shall not be invalidated by any action or inaction of the Lessee or any other person (other than the Lessor or the Vendor) and shall insure the Lessor and the Vendor regardless of any breach or violation of any warranty, declaration or condition contained in such policies by the Lessee or by any other person (other than the Lessor or the Vendor). Prior

to the first date of delivery of any Unit pursuant to the CSA, and thereafter not less than 15 days prior to the expiration dates of the expiring policies theretofore delivered pursuant to this § 7, the Lessee shall deliver to the Lessor duplicate originals of all policies (or in the case of blanket policies, certificates thereof issued by the insurers thereunder) for the insurance maintained pursuant to this § 7; provided, however, that if the delivery of a formal policy or certificate, as the case may be, is delayed, the Lessee shall deliver an executed binder with respect thereto and shall deliver the formal policy or certificate, as the case may be, upon receipt thereof.

(2) In the event that the Lessee shall fail to maintain insurance as herein provided, the Lessor may at its option provide such insurance (giving the Lessee prompt written notice thereof) and, in such event, the Lessee shall, upon demand from time to time, reimburse the Lessor for the cost thereof together with interest, on the amount of the cost to the Lessor of such insurance which the Lessee shall have failed to maintain, at the rate per annum specified in § 19 hereof.

7.8. Insurance Proceeds and Condemnation Payments. If the Lessor shall receive (directly or from the Vendor) any insurance proceeds or condemnation payments in respect of such Units suffering a Casualty Occurrence, the Lessor shall pay such proceeds or condemnation payments to the Lessee up to an amount equal to the Casualty Value theretofore paid by the Lessee plus an amount necessary to make the Lessee whole on an after-tax basis for any Investment Tax Credit recapture suffered by the Lessee, and any balance of such proceeds or condemnation payments shall remain the property of the Lessor; provided, however, that no Event of Default shall have occurred and be continuing and the Lessee shall have made payment of the Casualty Value thereof, and accrued rentals in respect of such Units, to the Lessor. All insurance proceeds received by the Lessor (directly or from the Vendor) in respect of any Unit not suffering a Casualty Occurrence shall be paid to the Lessee upon proof satisfactory to the Lessor that any damage to such Unit in respect of which such proceeds were paid has been fully repaired.

7.9. Termination. (1) The Lessee shall have the right, at its option and on at least 120 days' prior written notice to the Lessor, to terminate (hereinafter called a "Termination") this Lease as to all Units then subject hereto (subject to the survival of the obligations described in

§ 4.1 hereof) as of any succeeding rent payment date specified in such notice (the termination date specified in such notice being hereinafter called the "Termination Date"); provided, however, that (i) the Termination Date shall not be earlier than April 1, 1982, (ii) no Event of Default or other event which after the lapse of time or notice or both would become an Event of Default shall have occurred and be continuing, (iii) on the Termination Date such Units shall be in the same condition as if being redelivered pursuant to § 14.1 hereof and (iv) on the Termination Date the Lessor shall have paid to the Vendor a sum sufficient to prepay the CSA Indebtedness in accordance with Paragraph 7.2 of the CSA.

(2) If the Lessee shall exercise its option to terminate under § 7.9(1), the Lessor may, by written notice to the Lessee given within 30 days after the termination notice is given to the Lessor, elect to retain the Units then subject to this Lease for its own account or for resale, in which case on the Termination Date (a) the Lessee shall pay to the Lessor an amount equal to the prepayment penalty premium, if any, payable pursuant to Paragraph 7.2 of the CSA on such date in respect of the CSA Indebtedness to be prepaid by the Lessor on such date and (b) the Lessor shall pay to the Vendor a sum sufficient to prepay the CSA Indebtedness in accordance with Paragraph 7.2 of the CSA; provided, however, that the Lessor may not make such election unless it can demonstrate, to the reasonable satisfaction of the Lessee and the Vendor within said 30-day notice period, that it has made firm arrangements with a creditworthy entity to cause the CSA Indebtedness to be prepaid in accordance with paragraph 7.2 of the CSA on the Termination Date.

(3) If prior to the Termination Date the Lessor shall have made arrangements with the Investors to waive the CSA Indebtedness prepayment requirements of Paragraph 7.2 of the CSA, the Lessor shall not be obligated under any of the provisions of this § 7.9 to pay to the Vendor a sum sufficient to prepay the CSA Indebtedness.

(4) If the Lessor shall not make the election described in § 7.9(2), during the period from the 90th day of the giving of the notice until the fifth business day preceding the Termination Date, the Lessee shall use its best efforts to obtain bids for the purchase of all Units then subject to this Lease, and the Lessee shall at least five business days prior to the Termination Date certify to the Lessor the amount of each such bid and the name and address

of the party submitting such bid (which shall not be a person affiliated with the Lessee or any party from whom the Lessee or any such affiliate intends thereafter to lease such Units). Unless the Lessee shall have directed that all such bids be rejected, on the Termination Date the Lessor shall sell all such Units for cash to the bidder which shall have submitted the highest bid prior to the Termination Date. The net sales proceeds realized shall be retained by the Lessor. On the Termination Date (a) the Lessee shall pay to the Lessor (i) an amount equal to the prepayment penalty premium, if any, payable pursuant to Paragraph 7.2 of the CSA on such date in respect of the CSA Indebtedness to be prepaid by the Lessor on such date and (ii) the excess, if any, of the Termination Value for such Units computed as of such date over the net sales proceeds of such Units, after the deduction of all expenses incurred in connection with such sale, and (b) the Lessor shall pay to the Vendor a sum sufficient to prepay the CSA Indebtedness in accordance with Paragraph 7.2 of the CSA.

(5) If the Lessee shall have directed that all bids be rejected or no sale shall occur pursuant to § 7.9(3), this Lease shall continue in full force and effect without change unless and until (a) the Lessee shall pay to the Lessor an amount equal to the greater of the Fair Market Value or the Termination Value of all Units then subject to this Lease and (b) the Lessor shall pay to the Vendor a sum sufficient to prepay the CSA Indebtedness in accordance with Paragraph 7.2 of the CSA.

(6) The Termination Value of each Unit as of the payment date on which payment is to be made shall be that percentage of the Purchase Price of such Unit as is set forth in Appendix C hereto opposite such date, but in no event shall such amount be less than the Termination Value (as defined in paragraph 7.4 of the CSA) as of such date. The Fair Market Value of each Unit shall be determined on the basis of, and shall be equal in amount to, the price which would obtain in an arm's length transaction between an informed and willing purchaser and an informed and willing seller under no compulsion to sell and, in such determination, the cost of removal from the location of current use shall not be a deduction from such price. If, after 25 days from the giving of the Lessee's notice of Termination, the Lessor and the Lessee are unable to agree upon a determination of the Fair Market Value of the Units, such value shall be determined by the procedure described in Section 16.2(2) hereof.

§ 8. REPORTS

On or before March 31 in each year, commencing with the calendar year 1980, the Lessee will furnish to the Lessor and the Vendor an accurate statement (a) setting forth as at the preceding December 31 the total number, description and identification numbers of all Units then leased hereunder and covered by the CSA, the total number, description and identification numbers of all Units that have suffered a Casualty Occurrence during the preceding calendar year or are then undergoing repairs (other than running repairs) or then withdrawn from use pending repair (other than running repairs) and setting forth such other information regarding the condition and state of repair of the Units as the Lessor or the Vendor may reasonably request, (b) stating that, in the case of all Units repainted or repaired during the period covered by such statement, the numbers and markings required by § 5.1 hereof and by the CSA have been preserved or replaced and (c) further stating that the Lessee is in compliance under the Lease and has performed or has caused to be performed the required maintenance of the Unit and that no event has occurred which with the lapse of time or notice or both would constitute an Event of Default. The Lessor and the Vendor shall each have the right by its agents to inspect the Units and the Lessee's records with respect thereto at such reasonable times as the Lessor or the Vendor may request during the continuance of this Lease.

§ 9. DISCLAIMER OF WARRANTIES

THE LESSOR DOES NOT MAKE, HAS NOT MADE AND SHALL NOT BE DEEMED TO MAKE OR HAVE MADE ANY WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE DESIGN OR CONDITION OF, OR AS TO THE QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP IN, THE UNITS DELIVERED TO THE LESSEE HEREUNDER, AND THE LESSOR DOES NOT MAKE ANY WARRANTY OF MERCHANTABILITY OR FITNESS OF THE UNITS FOR ANY PARTICULAR PURPOSE NOR AS TO TITLE TO THE UNITS OR ANY COMPONENT THEREOF, NOR ANY OTHER REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO ANY UNIT, EITHER UPON DELIVERY THEREOF TO THE LESSEE OR OTHERWISE, it being agreed that all such risks, as between the Lessor and the Lessee, are to be borne by the Lessee; but the Lessor hereby irrevocably appoints the Lessee its agent and attorney-in-fact during the term of this Lease to assert and enforce from time to time, in the name of and for the account of the Lessor and/or the Lessee, as their interests may appear, at the Lessee's sole cost and expense,

whatever claims and rights the Lessor may have against the Builder under the provisions of Items 3 and 4 of Annex A of the CSA; provided, however, that if at any time an Event of Default shall have occurred and be continuing, the Lessor may assert and enforce, at the Lessee's sole cost and expense, such claims and rights. The Lessor shall have no responsibility or liability to the Lessee or any other person with respect to any of the following: (i) any liability, loss or damage caused or alleged to be caused directly or indirectly by any Units or by any inadequacy thereof or deficiency or defect therein or by any other circumstances in connection therewith; (ii) the use, operation or performance of any Units or any risks relating thereto; (iii) any interruption of service, loss of business or anticipated profits or consequential damages; or (iv) the delivery, operation, servicing, maintenance, repair, improvement or replacement of any Units. The Lessee's delivery of a Certificate of Acceptance shall be conclusive evidence as between the Lessee and the Lessor that the Units described therein are in all respects satisfactory to the Lessee, and the Lessee will not assert any claim of any nature whatsoever against the Lessor or the Vendor based on any of the foregoing matters.

§ 10. LAWS AND RULES

10.1. Compliance. The Lessee agrees, for the benefit of the Lessor and the Vendor, to comply in all respects (including without limitation with respect to the use, maintenance and operation of each Unit) with all laws of the jurisdictions in which its operations involving the Units may extend, with the interchange rules of the Association of American Railroads and with all lawful rules of the United States Department of Transportation, the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Units, to the extent that such laws and rules affect the title, operation or use of the Units, and in the event that such laws or rules require any alteration, replacement or addition of or to any part on any Unit, the Lessee will conform therewith at its own expense; provided, however, that the Lessee may at its own expense, in good faith, contest the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of the Lessor or the Vendor, adversely affect the property or rights of the Lessor or the Vendor under this Lease or under the CSA.

10.2. Reports by Lessor. The Lessee agrees to prepare and deliver to the Lessor and the Vendor within a reasonable time prior to the required date of filing (or, to the extent permissible, file on behalf of the Lessor and the Vendor) any and all reports (other than income tax returns) to be filed by the Lessor with any Federal, state or other regulatory authority by reason of the ownership by the Lessor or the Vendor of the Units or the leasing thereof to the Lessee.

§ 11. MAINTENANCE

11.1. Units in Good Operating Order. The Lessee agrees that, at its own cost and expense, it will maintain and keep each Unit (including any parts installed on or replacements made to any Unit) which is subject to this Lease in good operating order, repair and condition, ordinary wear and tear excepted, and in the same condition as other similar Equipment owned or leased by the Lessee.

11.2. Additions and Accessions. (1) Except as set forth in §§ 10.1 and 11.1 hereof, the Lessee, at its own cost and expense, may from time to time make such other additions, modifications and improvements to the Units during the term of this Lease as are readily removable without causing material damage to the Units and do not adversely and materially affect the value of the Units. The additions, modifications and improvements made by the Lessee under the preceding sentence shall be owned by the Lessee, except to the extent such additions, modifications or improvements are made in order to comply with § 11.2(2) hereof.

(2) Any and all parts installed on and additions and replacements made to any Unit (i) which are not readily removable without causing material damage to such Unit and were installed or were added to such Unit in contravention of the Lessee's agreements contained in § 11.2(1) hereof, (ii) the cost of which is included in the Purchase Price of such Unit, (iii) in the course of ordinary maintenance of the Units or (iv) which are required for the operation or use of such Unit by the regulations of the Interstate Commerce Commission, the Department of Transportation or any other applicable regulatory body, shall constitute accessions to such Unit and full ownership thereof free from any lien, charge, security interest or encumbrance (except for those created by the CSA) shall immediately be vested in the Lessor and the Vendor as their respective interests may appear in the Unit itself.

§ 12. INDEMNIFICATION

12.1. Indemnified Persons. The Lessee shall pay, and shall protect, indemnify and hold the Lessor, the Vendor (including the Investors) and any assignee thereof, and their respective successors, assigns, agents and servants ("Indemnified Persons"), harmless from and against any and all causes of action, suits, penalties, claims, demands or judgments of any nature whatsoever which may be imposed on, incurred by or asserted against any Indemnified Person (including any or all liabilities, obligations, damages, costs, disbursements, expenses [including without limitation attorneys' fees and expenses of any Indemnified Person] relating thereto) in any way relating to or arising, or alleged to arise out of this Lease, the CSA or the Units, including without limitation those in any way relating to or arising or alleged to arise out of (i) the manufacture, construction, purchase, acceptance, rejection, ownership, delivery, nondelivery, lease, possession, use, operation, condition, sale, return or other disposition of any Unit or portion thereof; (ii) any latent and other defects whether or not discoverable by the Lessor, the Vendor or the Lessee; (iii) any claim for patent, trademark or copyright infringement; (iv) any claims based on strict liability in tort; (v) any injury to or the death of any person or any damage to or loss of property on or near the Units or in any manner growing out of or concerned with, or alleged to grow out of or be connected with, the ownership, use, replacement, adaptation or maintenance of the Units or of any other equipment in connection with the Units (whether owned or under the control of the Lessor, the Lessee or any other person) or resulting or alleged to result from the condition of any thereof; (vi) any violation, or alleged violation, of any provision of this Lease or of any agreement, law, rule, regulation, ordinance or restriction, affecting or applicable to the Units or the leasing, ownership, use, replacement, adaptation or maintenance thereof, except to the extent any such violation arises from the negligence or misconduct of the Indemnified Person claiming indemnity hereunder; or (vii) any claim arising out of any of the Lessor's obligations under the Lease Assignment or the Vendor's retention of a security interest under the CSA or the Lease Assignment or the Participation Agreement, except to the extent such claim arises from the negligence or misconduct of the Indemnified Person claiming indemnity hereunder. The Lessee shall be obligated hereunder, irrespective of whether any Indemnified Person shall also be indemnified with respect to the same matter under any other agreement by any other person, and the Indemnified Person seeking to enforce

the indemnification may proceed directly against the Lessee hereunder, without first resorting to any such other rights of indemnification. In case any action, suit or proceeding is brought against any Indemnified Person in connection with any claim indemnified against hereunder, the Lessee may and, upon such Indemnified Person's request, will at the Lessee's expense resist and defend such action, suit or proceeding, or cause the same to be resisted or defended by counsel selected by the Lessee and approved by such Indemnified Person and, in the event of any failure by the Lessee to do so, the Lessee shall pay all costs and expenses (including without limitation attorneys' fees and expenses) incurred by such Indemnified Person in connection with such action, suit or proceeding. In the event the Lessee is required to make any payment hereunder, the Lessee shall pay such Indemnified Person an amount which, after deduction of all taxes required to be paid by such Indemnified Person in respect of the receipt thereof under the laws of the United States or of any political subdivision thereof (after giving credit for any savings in respect of any such taxes by reason of deductions, credits or allowances in respect of the payment of the expense indemnified against, and of any other such taxes as determined in the sole discretion of the Indemnified Person), shall be equal to the amount of such payment. The Lessee and the Lessor each agrees to give each other, promptly upon obtaining knowledge thereof, written notice of any claim or liability hereby indemnified against. Upon the payment in full of any indemnities hereunder by the Lessee, and provided that no Event of Default (or other event which with lapse of time or notice or both would constitute such an Event of Default) shall have occurred and be continuing, the Lessee shall be subrogated to any right of such Indemnified Person (except against another Indemnified Person) in respect of the matter against which indemnity has been given. Any payments received by such Indemnified Person from any person (except the Lessee) as a result of any matter with respect to which such Indemnified Person has been indemnified by the Lessee pursuant hereto shall be paid over to the Lessee to the extent necessary to reimburse the Lessee for indemnification payments previously made. Nothing herein shall constitute a guarantee by the Lessee of the CSA Indebtedness of the Lessor under the CSA or a guarantee of the residual value of any Unit. As used herein, the term Indemnified Persons shall in no event include General American Transportation Corporation in its capacity as a supplier of services under a separate contract of even date herewith with the Lessee in respect of the Units, any assignee or successor thereof, or any other person at any time under contract with the Lessee to supply services in respect of the Units.

12.2. Indemnification of Builder. The Lessee agrees to indemnify, protect and hold harmless the Builder as a third party beneficiary hereof from and against any and all liability, claims, costs, charges and expenses, including royalty payments and counsel fees, in any manner imposed upon or accruing against the Builder because of the use in or about the construction or operation of any Unit of any article or material specified by the Lessee and not manufactured by the Builder or of any design, system, process, formula or combination specified by the Lessee and not developed or purported to be developed by the Builder which infringes or is claimed to infringe on any patent or other right. The Lessee will give notice to the Builder of any claim known to the Lessee from which liability may be charged against the Builder hereunder.

12.3. Survival. The indemnities contained in this § 12 shall survive the expiration or termination of this Lease with respect to all events, facts, conditions or other circumstances occurring or existing prior to such expiration or termination and are expressly made for the benefit of, and shall be enforceable by, any Indemnified Person. None of the indemnities in this § 12 shall be deemed to create any rights of subrogation in any insurer or third party against the Lessee therefor, from or under any Indemnified Person, whether because of any claim paid or defense provided for the benefit thereof or otherwise.

§ 13. DEFAULT

13.1. Events of Default; Remedies. If, during the continuance of this Lease or any extension or renewal thereof, one or more of the following events (each such event being herein sometimes called an "Event of Default") shall occur:

A. default shall be made in payment of any amount provided for in §§ 3, 7 or 16 hereof, and such default shall continue for 10 days;

B. the Lessee shall make or permit any unauthorized assignment or transfer of this Lease, or any interest herein, or of the right to possession of the Units, or any thereof;

C. default shall be made in the observance or performance of any other of the covenants, conditions and

agreements on the part of the Lessee contained herein or in the Participation Agreement and such default shall continue for 15 days after written notice from the Lessor or the Vendor to the Lessee specifying the default and demanding that the same be remedied;

D. any representation or warranty made by the Lessee herein, in the Participation Agreement or in any certificate or statement furnished to the Lessor pursuant to or in connection with any such agreements proves untrue in any material respect as of the date of issuance or making thereof;

E. any proceedings shall be commenced by or against the Lessee for any relief which includes, or might result in, any modification of the obligations of the Lessee hereunder under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustments of the obligations of the Lessee hereunder), and, unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Lessee under this Lease shall not have been and shall not continue to have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed (whether or not subject to ratification) for the Lessee or for the property of the Lessee in connection with any such proceedings in such manner that such obligations shall have the same status as obligations incurred by such a trustee or trustees or receiver or receivers, within 60 days after such proceedings shall have been commenced; or

F. an event of default set forth in Article 16 of the CSA shall have occurred arising out of any default by the Lessee in performing any of its obligations hereunder and such event of default shall not have been waived by the Vendor;

then, in any such case, the Lessor, at its option, may:

(a) proceed by appropriate court action or actions

either at law or in equity, to enforce performance by the Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof; or

(b) by notice in writing to the Lessee terminate this Lease, whereupon all rights of the Lessee to the use of the Units shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable as herein provided; and thereupon the Lessor may by its agents enter upon the premises of the Lessee or other premises, insofar as the Lessee may be lawfully authorized to so permit, where any of the Units may be located, without judicial process if this can be done without breach of the peace and in accordance with due process of law, and take possession of all or any of such Units and thenceforth hold, possess and enjoy the same free from any right of the Lessee, or its successors or assigns, to use the Units for any purposes whatever; but the Lessor shall, nevertheless, have a right to recover from the Lessee any and all amounts which under the terms of this Lease may be then due or which may have accrued to the date of such termination (computing the rental for any number of days less than a full rental period by multiplying the rental for such full rental period by a fraction of which the numerator is such number of days and the denominator is the total number of days in such full rental period) and also to recover forthwith from the Lessee as damages for loss of the bargain and not as a penalty whichever of the following amounts that the Lessor, in its sole discretion shall specify, (i) a sum, with respect to each Unit, which represents (x) the excess of the present value, at the time of such termination, of the entire unpaid balance of all rentals for such Unit which would otherwise have accrued hereunder from the date of such termination to the end of the term of this Lease as to such Unit, such present value to be computed on the basis of a 6.43% per annum discount, compounded semiannually from the respective dates upon which rental would have been payable hereunder had this Lease not been terminated over the then present value of the rental which the Lessor reasonably estimates to be obtainable for each Unit during such period, such present value to be computed on the basis of a 6.43% per annum discount, compounded semiannually from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated or, if such

Unit is sold, the net proceeds of the sale plus (y) any damages and expenses, including reasonable attorneys' fees, in addition thereto which the Lessor shall have sustained by reason of the breach of any covenant, representation or warranty of this Lease other than for the payment of rental or (ii) an amount equal to the excess, if any, of the Casualty Value as of the Casualty Payment Date on or next preceding the date of termination over the amount the Lessor reasonably estimates to be the sales value of such Unit at such time; provided, however, that in the event the Lessor shall have sold any unit, the Lessor, in lieu of collecting any amounts payable by the Lessee pursuant to the preceding clause (ii) with respect to such Unit, may, if it shall so elect, demand that the Lessee pay the Lessor and the Lessee shall pay to the Lessor on the date of such sale, as liquidated damages for loss of a bargain and not as a penalty, an amount equal to the excess, if any, of the Casualty Value for such Unit as of the Casualty Payment Date on or next preceding the date of termination over the net proceeds of such sale.

13.2. Remedies Not Exclusive; Waiver. The remedies in this Lease provided in favor of the Lessor shall not be deemed exclusive, but shall be cumulative and may be exercised concurrently or consecutively, and shall be in addition to all other remedies in its favor existing at law or in equity. The Lessee hereby waives any mandatory requirements of law, now or hereafter in effect, which might limit or modify the remedies herein provided, to the extent that such waiver is not, at the time in question, prohibited by law. The Lessee hereby waives any and all existing or future claims to any offset against the rental payments due hereunder and agrees to make such payments regardless of any offset or claim which may be asserted by the Lessee or on its behalf until all sums due from the Lessor under the CSA have been fully discharged and satisfied.

13.3. Failure To Exercise Rights Is Not Waiver. The failure of the Lessor to exercise the rights granted it hereunder upon the occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or recurrence of any such contingencies or similar contingencies.

§ 14. RETURN OF UNITS UPON DEFAULT

14.1. Return of Units. If this Lease shall terminate pursuant to § 13 hereof or Article 16 of the CSA, the Lessee shall forthwith deliver possession of the Units to the Lessor. Each Unit so delivered shall be in the same operating order, repair and condition as when originally delivered to the Lessee, reasonable wear and tear excepted, and shall have attached or affixed thereto any special device considered an accession thereto as provided in § 11 and shall have removed therefrom at the Lessee's expense any addition, modification or improvement which, as provided in § 11, is owned by the Lessee. For the purpose of delivering possession of any Unit or Units as above required, the Lessee shall at its own cost, expense and risk:

(a) forthwith and in the usual manner (including, but not by way of limitation, giving prompt telegraphic and written notice to the Association of American Railroads and all railroads to which any Unit or Units have been interchanged or which may have possession thereof to return the Unit or Units) and at the usual speed place such Units upon such storage tracks as the Lessor reasonably may designate;

(b) cause such Units to be stored on such tracks at the risk of the Lessee without charge for insurance, rent or storage until all such Units have been sold, leased or otherwise disposed of by the Lessor; and

(c) cause the same to be transported to any reasonable place, as directed by the Lessor.

The assembling, delivery, storage, insurance and transporting of the Units as hereinbefore provided shall be at the expense and risk of the Lessee and are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Units. During any storage period, the Lessee will, at its own cost and expense, maintain and keep the Equipment in good order and repair and will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser or user of any such Unit, to inspect the same. All amounts earned in respect of the Units after the date

of termination of this Lease shall belong to the Lessor and, if received by the Lessee, shall be promptly turned over to the Lessor.

14.2. Lessor Appointed Agent of Lessee. Without in any way limiting the obligation of the Lessee under the foregoing provisions of this § 14, the Lessee hereby irrevocably appoints the Lessor as the agent and attorney of the Lessee, with full power and authority, at any time while the Lessee is obligated to deliver possession of any Unit to the Lessor, to demand and take possession of such Unit in the name and on behalf of the Lessee from whosoever shall be in possession of such Unit at the time.

§ 15. ASSIGNMENT, POSSESSION AND USE

15.1. Assignment; Consent. This Lease shall be assignable in whole or in part by the Lessor upon prior written consent of the Lessee, which consent shall not be unreasonably withheld. The Lessee hereby consents to the assignment of this Lease pursuant to the Lease Assignment.

15.2. Lessee's Rights To Use the Units, To Permit Use Thereof by Others and To Sublease the Units. (1) So long as (i) no Event of Default exists hereunder, (ii) the Lessee is complying with the provisions of the Consent, and (iii) the Vendor is entitled to apply the Payments as defined in the Lease Assignment in accordance with the Lease Assignment, the Lessee shall be entitled to the possession and use of the Units in accordance with the terms of this Lease and the CSA. Without the prior written consent of the Lessor and the Vendor, the Lessee shall not assign or transfer its leasehold interest under this Lease in the Units or any of them except as provided in § 15.2(2); and the Lessee shall not, without the prior written consent of the Lessor and the Vendor, part with the possession or control of, or suffer or allow to pass out of its possession or control, any of the Units, except to the extent permitted by the provisions of § 15.2(2) hereof. The Lessee, at its own expense, will promptly pay or discharge any and all sums claimed by any party which, if unpaid, might become a lien, charge, security interest or other encumbrance (other than an encumbrance created by the Lessor or the Vendor or resulting from claims against the Lessor or the Vendor not related to the ownership of the Units or any encumbrance on the leasehold estate of the Lessee which is subject and subordinate to the interests

of the Lessor and the Vendor) upon or with respect to any Unit, including any accession thereto, or the interest of the Lessor, the Vendor or the Lessee therein, and will promptly discharge any such lien, claim, security interest or other encumbrance which arises.

(2) So long as (i) no Event of Default exists hereunder, (ii) the Lessee is complying with the provisions of the Consent, and (iii) the Vendor is entitled to apply the Payments as defined in the Lease Assignment in accordance with the Lease Assignment, the Lessee shall be entitled to the possession and use of the Units by it or any affiliate upon lines of railroad over which the Lessee or any such affiliate has trackage or other operating rights or over which railroad equipment of the Lessee or any such affiliate is regularly operated pursuant to contract and shall be entitled to permit the use of the Units upon connecting and other carriers in the usual interchange of traffic or pursuant to run-through agreements and to assign its rights to the Units or to sublease the Units, but only upon and subject to all the terms and conditions of this Lease and the CSA; provided, however, that the Lessee shall not assign, sublease or permit the assignment, sublease or use of any Unit predominantly outside the United States of America within the meaning of Section 48(a) of the Internal Revenue Code of 1954, as amended to the date hereof, nor shall the Lessee assign or sublease to, or permit the sublease or use of the Units by, any person in whose hands such Units would not qualify as "section 38 property" within the meaning of said Code. The Lessee may receive and retain compensation for the use of any of the Units from railroads or other entities so using such Units. Any sublease permitted by this paragraph may provide that the sublessee, so long as it shall not be in default under such sublease, shall be entitled to the possession of the Units included in such sublease and the use thereof; provided, however, that every such sublease shall be subject and subordinate to the rights and remedies of the Vendor under the CSA and the Lessor under this Lease in respect of the Units covered by such sublease.

15.3. Transfers by Lessee Through Merger, Acquisition or Consolidation. Nothing in this § 15 shall be deemed to restrict the right of the Lessee to assign or transfer its leasehold interest under this Lease in the Units or possession of the Units to any corporation incorporated under the laws of any state of the United States of America or the District of Columbia (which shall have duly assumed the

obligations of the Lessee hereunder) into or with which the Lessee shall have become merged or consolidated or which shall have acquired the property of the Lessee as an entirety or substantially as an entirety, provided that such successor will not, upon the effectiveness of such merger, consolidation or acquisition, be in default under any provision of this Lease and shall have assumed all the obligations of the Lessee under this Lease, the Consent and the Participation Agreement.

§ 16. RENEWAL OPTIONS

16.1. Renewal for Successive Periods. Provided that this Lease has not been earlier terminated and the Lessee is not in default hereunder, the Lessee may by written notice delivered to the Lessor not less than 120 days prior to the end of the original term, the first extended term or the second extended term of this Lease in respect of the Units still subject to this Lease, elect to extend such original or extended term of this Lease in respect of all but not less than all the Units then covered by this Lease for a period of one year commencing on the scheduled expiration of such original or extended term of this Lease, at a "Fair Market Rental" payable, in arrears, in semiannual payments on the month and day such rentals were payable for the Units in each year of the original term.

16.2. Determination of Fair Market Rental.
(1) Fair Market Rental shall be determined for each extended term of this Lease on the basis of, and shall be equal in amount to, the rental which would obtain in an arm's-length transaction between an informed and willing lessee (other than a lessee currently in possession) and an informed and willing lessor under no compulsion to lease and, in such determination, costs of removal from the location of current use shall not be a deduction from such rental.

(2) If, after 25 days from the giving of notice by the Lessee of the Lessee's election to extend the term of this Lease, the Lessor and the Lessee are unable to agree upon a determination of the Fair Market Rental of the Units, such rental shall be determined by the following procedure: If either party to such determination shall have given written notice to the other requesting determination of such value by this appraisal procedure, the parties shall consult for the purpose of appointing a qualified independent appraiser

by mutual agreement. If no such appraiser is so appointed within 10 days after such notice is given, each party shall appoint an independent appraiser within 15 days after such notice is given, and the two appraisers so appointed shall within 20 days after such notice is given appoint a third independent appraiser. If no such third appraiser is appointed within 20 days after such notice is given, either party may apply, to make such appointment, to the American Arbitration Association, and both parties shall be bound by any appointment so made. Any appraiser or appraisers appointed pursuant to the foregoing procedure shall be instructed to determine the Fair Market Rental of the Units subject to the proposed extended term within 90 days after his or their appointment. If the parties shall have appointed a single appraiser or if either party shall have failed to appoint an appraiser, the determination of Fair Market Rental of the single appraiser appointed shall be final. If three appraisers shall be appointed, the determination of the appraiser which differs most from the other two appraisers shall be excluded, the remaining two determinations shall be averaged and such latter average shall be final and binding upon the parties hereto as the Fair Market Rental. The appraisal proceedings shall be conducted in accordance with the Commercial Arbitration Rules of the American Arbitration Association as in effect on the date hereof, except as modified hereby. The provision for this appraisal procedure shall be the exclusive means of determining Fair Market Rental and shall be in lieu of any judicial or other procedure for the determination thereof, and each party hereto hereby consents and agrees not to assert any judicial or other procedures. The expenses of the appraisal procedure shall be borne equally by the Lessee and the Lessor.

§ 17. RETURN OF UNITS UPON EXPIRATION OF TERM
OR TERMINATION

As soon as practicable on or after the date on which the final payment of semiannual rent is due during the original or any extended term of this Lease with respect to any Unit or after a Termination of this Lease pursuant to § 7.9 hereof, and in any event not later than 45 days thereafter, the Lessee will, at its own cost and expense, at the request of the Lessor, deliver possession of such Unit to the Lessor upon such storage tracks as the Lessor may reasonably designate in the ICC Southern District, or, in the absence of such designation, as the Lessee may select, and pay the cost of the Lessor to store such Unit on such tracks for a period not exceeding 45 days, commencing on the date of the

delivery of the last Unit, and transport the same upon disposition of the Units, at any time within such 45-day period, to the nearest railroad interconnection, interchange point, all as directed by the Lessor, the movement and storage of such Units to be at the expense and risk of the Lessee. If the Lessee fails to so deliver any Unit into storage within said 45 days, the Lessee thereafter shall pay rent to the Lessor with respect to such Unit on a bi-weekly basis through and including the date such Unit is so delivered at the daily equivalent of the semiannual rent for such Unit in effect immediately prior to the date on which the obligation to so deliver such Unit arose. During any such storage period the Lessee will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser or user of such Unit, to inspect the same; provided, however, that the Lessee shall not be liable, except in the case of negligence of the Lessee or of its employees or agents, for any injury to, or the death of, any person exercising, either on behalf of the Lessor or any prospective purchaser or user, the rights of inspection granted under this sentence. Each Unit returned to the Lessor pursuant hereunder shall (i) be in the same operating order, repair and condition as when originally delivered to the Lessee, reasonable wear and tear excepted, (ii) meet the standards then in effect under the applicable rules of any governmental agency or other organization with jurisdiction and (iii) have attached or affixed thereto any special device considered an accession thereto as provided in § 11 hereof and have removed therefrom any such device not so considered an accession. During any such storage period the Lessee shall maintain the Units in such manner as the Lessee normally maintains similar units of railroad equipment owned or leased by it in similar storage circumstances. The assembling, delivery, storage and transporting of the Units as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Units.

§ 18. RECORDING

The Lessee, at its own expense, will cause this Lease, the CSA, the CSA Assignment and the Lease Assignment to be filed with the Interstate Commerce Commission pursuant to 49 U.S.C. § 11303. The Lessee will undertake the filing, registering, deposit and recording required of the Lessor under the CSA. The Lessee in addition will from time to

time do and perform any other act and will execute, acknowledge, deliver, file, register, record (and will refile, reregister, deposit and redeposit or rerecord whenever required) any and all further instruments required by law or reasonably requested by the Lessor or the Vendor for the purpose of proper protection, to their satisfaction, of the Vendor's and the Lessor's respective interests in the Units, or for the purpose of carrying out the intention of this Lease, the CSA, the CSA Assignment and the Lease Assignment; and the Lessee will promptly furnish to the Vendor and the Lessor evidence of all such filing, registering, depositing or recording, and an opinion or opinions of counsel for the Lessee with respect thereto satisfactory to the Vendor and the Lessor. This Lease, the CSA, the CSA Assignment and the Lease Assignment shall be filed with the Interstate Commerce Commission prior to the delivery and acceptance hereunder of any Unit.

§ 19. INTEREST ON OVERDUE RENTALS

Any nonpayment of rentals and other obligations due hereunder shall result in the obligation on the part of the Lessee promptly to pay, to the extent legally enforceable, an amount equal to interest at 10.5% per annum of the overdue rentals and other obligations for the period of time during which they are overdue or such lesser amount as may be legally enforceable.

§ 20. LESSOR'S RIGHT TO PERFORM FOR THE LESSEE

If the Lessee fails to perform or comply with any of its agreements contained herein, the Lessor may upon notice to the Lessee perform or comply with such agreement, and the amount of the reasonable cost and expenses of the Lessor (including reasonable counsel fees, if any) incurred in connection with such performance or compliance, together with interest on such amount at 10.5% per annum, shall be payable by the Lessee upon demand except as otherwise provided in this Lease. No such performance or compliance by the Lessor shall be deemed a waiver of the rights and remedies of the Lessor or any assignee of the Lessor against the Lessee hereunder.

§ 21. NOTICES

Any notice required or permitted to be given by either party hereto to the other shall be deemed to have been

given when mailed, first class, postage prepaid, addressed as follows:

(a) if to the Lessor, c/o GATX Leasing Corporation, One Embarcadero Center, San Francisco, California 94111, Attention of Contracts Administration; and

(b) if to the Lessee, at 270 Peachtree Street, (P. O. Box 4545), Atlanta, Georgia 30302, Attention of Purchasing Department, with a copy to Southern Company Services, Inc., 64 Perimeter Center East, Atlanta, Georgia 30346, Attention of Financial Vice President, and with a copy to Southern Companies Services, Inc., P. O. Box 2625, Birmingham, Alabama 35202, Attention of Manager, Fuel Supply Department,

or addressed to either party at such other address as such party shall hereafter furnish to the other party in writing.

§ 22. SEVERABILITY

Any provision of this Lease which is prohibited or unenforceable in any jurisdiction, shall be, as to such jurisdiction, ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

§ 23. EFFECT AND MODIFICATION OF LEASE

Except for the Participation Agreement, this Lease exclusively and completely states the rights of the Lessor and the Lessee with respect to the leasing of the Units and supersedes all other agreements, oral or written, with respect thereto. No variation or modification of this Lease and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized signatories for the Lessor and the Lessee.

§ 24. THIRD PARTY BENEFICIARIES

Nothing in this Lease shall be deemed to create any right in any person not a party hereto (other than the

Vendor, the Builder and the permitted successors and assigns of a party) and this instrument shall not be construed in any respect to be a contract in whole or in part for the benefit of a third party except as aforesaid.

§ 25. EXECUTION

This Lease may be executed in several counterparts, such counterparts together constituting but one and the same instrument, but the counterpart delivered to the Vendor pursuant to the Lease Assignment shall be deemed to be the original and all other counterparts shall be deemed duplicates thereof. Although for convenience this Lease is dated as of the date first set forth above, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

§ 26. LAW GOVERNING

The terms of this Lease and all rights and obligations hereunder shall be governed by the laws of the State of Georgia; provided, however, that the parties shall be entitled to all rights conferred by 49 U.S.C. § 11303.

IN WITNESS WHEREOF, the parties hereto have executed or caused this instrument to be executed as of the date first above written.

GEORGIA POWER COMPANY,

by

C. C. Jones
Vice President

[Corporate Seal]

Attest:

C. L. Ratterree
Assistant Secretary

GATX/G.P. LEASING CORPORATION,

by

Executive Vice President

[Corporate Seal]

Attest:

Assistant Secretary

STATE OF GEORGIA,)
 COUNTY) ss.:
~~CITY~~ OF FULTON,)

On this 12th day of DECEMBER 1978, before me personally appeared C.C. Jones, to me personally known, who, being by me duly sworn, says that he is a Vice President of GEORGIA POWER COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Harold M. Hughes
 Notary Public

Notary Public, Georgia, State at Large
 My Commission Expires April 3, 1981

[Notarial Seal]

My Commission expires

STATE OF ,)
) ss.:
 CITY OF ,)

On this day of 1978, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is the Executive Vice President of GATX/G.P. LEASING CORPORATION, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

 Notary Public

[Notarial Seal]

My Commission expires

APPENDIX A TO LEASE

<u>Type</u>	<u>Builder's Specifi- cations</u>	<u>Builder's Plant</u>	<u>Quantity</u>	<u>Lessee's Identification Numbers (Both Inclusive)</u>	<u>Estimated Unit Base Price</u>	<u>Estimated Total Base Price</u>	<u>Estimated Time and Place of Delivery</u>
100-ton "Rapid Discharge" Coal Hopper Cars	S-5023 11/28/78	Covington, Kentucky	88	GGPX-78001- 78088	\$40,200	\$3,537,600	November 13, 1978 through December 31, 1978, at Covington, Kentucky
100-ton "Rapid Discharge" Coal Hopper Cars	S-5023 11/28/78	Covington, Kentucky	62	GGPX-78089- 78150	\$40,200	\$2,492,400	January 1, 1979 through March 31, 1979, at Covington, Kentucky
			<u>150</u>			<u>\$6,030,000</u>	

APPENDIX B TO LEASE

Casualty Values

<u>Casualty Payment Dates</u>	<u>Percentage of Purchase Price*</u>	
	<u>Schedule A Units</u>	<u>Schedule B Units</u>
April 1, 1979	105.88	106.04
October 1, 1979	106.31	106.54
April 1, 1980	106.55	106.85
October 1, 1980	106.58	106.94
April 1, 1981	106.42	106.83
October 1, 1981	106.05	106.52
April 1, 1982	105.49	106.01
October 1, 1982	104.73	105.29
April 1, 1983	103.77	104.36
October 1, 1983	102.61	103.23
April 1, 1984	101.26	101.90
October 1, 1984	99.70	100.37
April 1, 1985	97.95	98.63
October 1, 1985	96.00	96.68
April 1, 1986	93.85	94.53
October 1, 1986	91.50	92.18
April 1, 1987	88.95	89.63
October 1, 1987	86.20	86.87
April 1, 1988	83.26	83.90
October 1, 1988	80.11	80.73
April 1, 1989	76.77	77.36
October 1, 1989	73.23	73.79
April 1, 1990	69.49	70.01
October 1, 1990	65.55	66.02
April 1, 1991	61.42	61.83
October 1, 1991	57.08	57.44
April 1, 1992	52.55	52.85
October 1, 1992	47.81	48.04
April 1, 1993	42.88	43.04
October 1, 1993	37.75	37.83
April 1, 1994, and thereafter	32.50	32.50

* As defined in paragraph 4.1 of the CSA.

APPENDIX C TO LEASE

Termination Values

<u>Termination Dates</u>	<u>Percentage of Purchase Price*</u>	
	<u>Schedule A Units</u>	<u>Schedule B Units</u>
April 1, 1982	103.55	104.07
October 1, 1982	102.03	102.59
April 1, 1983	100.34	100.94
October 1, 1983	98.49	99.11
April 1, 1984	96.45	97.10
October 1, 1984	94.25	94.92
April 1, 1985	91.88	92.56
October 1, 1985	89.34	90.02
April 1, 1986	86.62	87.31
October 1, 1986	83.74	84.42
April 1, 1987	80.68	81.36
October 1, 1987	77.45	78.12
April 1, 1988	74.05	74.70
October 1, 1988	70.49	71.11
April 1, 1989	66.74	67.34
October 1, 1989	62.83	63.39
April 1, 1990	58.75	59.27
October 1, 1990	54.50	54.97
April 1, 1991	50.07	50.49
October 1, 1991	45.48	45.84
April 1, 1992	40.71	41.01
October 1, 1992	35.77	36.00
April 1, 1993	30.66	30.82
October 1, 1993	25.38	25.47
April 1, 1994, and thereafter	20.00	20.00

* As defined in paragraph 4.1 of the CSA.